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***Department of Natural Resources
and Environmental Control
Hazardous Substance Cleanup Fund***
*Financial Statement Audit
for Fiscal Year 2021*

What Was Performed? A financial statement audit of the Delaware Department of Natural Resource and Environmental Control's Hazardous Substance Cleanup Fund for Fiscal Year 2021.

Why This Engagement? In July 1990, the General Assembly passed legislation establishing the Delaware's Hazardous Substance Cleanup Act. This act establishes standards to be followed to protect the public health and welfare of citizens and the environment of the state from releases of hazardous substances. This engagement was performed in accordance with 29 *Del. C.* § 2906.

The fund generated over \$8 million in revenue in FY21 but accrued liabilities of over \$13 million. Although funding is adequate to meet DNREC's annual expenditure plans and carryover funds exist, the cost of the future cleanup of orphaned sites exceeds the money available in the fund.

What Was Found? It is my pleasure to report this audit contained an unmodified opinion¹ on the financial statements. However, it contained one finding related to payroll internal controls. Six of 42 employee records sampled showed no evidence of supervisory review and approval prior to being paid. It is recommended that the fund's management reinforce effective internal controls in accordance with the Budget and Accounting Policy Manual. Additionally, the supervisors of the six employees identified should be retrained in the proper use of the agency's time-management software.

The Delaware Department of Natural Resources and Environmental Control, Hazardous Substance Cleanup Fund Financial Statement Audit for Fiscal Year ended June 30, 2021, can be found on our website at auditor.delaware.gov.

Please do not reply to this email. For any questions regarding the attached report, please contact State Auditor Kathleen K. McGuinness at Kathleen.Mcguinness@delaware.gov.

¹ An unmodified opinion is sometimes referred to as a "clean" opinion. It is one in which the auditor expresses an opinion that the financial statements present fairly, in all material respects, an entity's financial position, results of operations and cash flows in conformity with generally accepted accounting principles.